

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

Board Meeting Minutes

April 22, 2025

Virtual Meeting via Zoom for Government

Attendance	1
<i>Tuesday, April 22, 2025.....</i>	<i>1</i>
Administrative Matters	1
• Clippings and Updates	1
Agenda Topics	4
• P3 Technical Release ED Review	4
• GAAP Hierarchy	4
• Reporting Entity Reorganizations and Abolishments	6
• SFFAS 59 Implementation.....	8
Adjournment	10
<i>Wednesday, April 23, 2025</i>	<i>10</i>
• Steering Committee Meeting.....	10

For research purposes, please see the briefing materials at www.fasab.gov. Briefing materials for each session are organized by topic; references to these topics in the minutes are hyperlinked.

Attendance

The following Federal Accounting Standards Advisory Board (FASAB or “the Board”) members were present throughout the meeting: George Scott (chair), R. Scott Bell, Gila Bronner, Bob Dacey, Diane Dudley, Brian Mohr, Terry Patton, and David Vaudt. The executive director, Ms. Valentine, and FASAB counsel, Mr. Kirwan, were present throughout the meeting.

Tuesday, April 22, 2025

Administrative Matters

• Clippings and Updates

Mr. Scott introduced the new Office of Management and Budget (OMB) member on the Board, Brian Mohr, and he recognized retiring member Regina Kearney. Mr. Scott also mentioned the [topic F](#) non-agenda topics memo.

Mr. Scott asked the members if there were any comments on the clippings provided by staff. A member mentioned the February 3, 2025, NBC News report, *Trump Moves to Develop Sovereign Wealth Fund to 'Create Value for American Citizens.'* The member

asked if the creation of a wealth fund would require FASAB to assess how the existing standards may be affected. Mr. Williams, senior analyst, noted that Statement of Federal Financial Accounting Standards (SFFAS) 3, *Accounting for Inventory and Related Property*, may have some language to address the issue, but staff will continue to monitor any developments because there are so many unknowns.

Ms. Reese, Governmental Accounting Standards Board (GASB) senior project manager, provided a brief overview of GASB's recent activities.

Ms. Reese highlighted the following GASB projects:

- Infrastructure Assets – The Board released a preliminary views (PV) document, *Infrastructure Assets*, in September 2024 with comments due in January 2025. The project is the result of research on capital assets. The proposed guidance would update the current guidance on accounting and financial reporting for infrastructure assets. The goal is to make the information (1) more comparable across governments and consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) a better reflection of the capacity of those assets to provide service and how that capacity may change over time. The Board conducted three public hearings and one user forum to discuss feedback on the PV document.
- Revenue and Expense Recognition – The goal is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions. The Board is reviewing feedback received on the June 2020 PV document and working towards an exposure draft (ED). The Board has been discussing the idea that measurement should focus on the most liquid item in the revenue/expense transaction.
- Severe Financial Stress and Probable Dissolution Disclosures – GASB issued a PV document in March 2025 that addresses issues related to disclosures for severe financial stress and probable dissolution (previously referred to as *going concern*), which are different. Severe financial stress is a condition where the government is near insolvency. Probable dissolution is a consideration of whether the government will continue as the same legal entity for at least 12 months beyond the date of the financial statements. The Board is planning to conduct public forums on this topic.
- Subsequent Events (reexamination of Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*) – The objective of this project is to improve the accounting and financial reporting for subsequent events to

address issues related to (1) confusion about and challenges associated with applying the existing standards, (2) inconsistency in practice in the information provided about subsequent events, and (3) the usefulness of the information provided about subsequent events. The Board released an ED of a proposed Statement in September 2024. The comment period ended on February 21, 2025. The Board has begun deliberations on the feedback on the ED.

- Implementation Guide Update – The Board annually considers whether there are new questions and answers to add to the implementation guide or modifications to make to the existing questions and answers. The new questions include financial reporting model improvements, management's discussion and analysis, the proprietary fund operating statement, leases, conduit debt, and accounting changes. The Board released the ED in November 2024. The comment period ended on January 24, 2025. The Board discussed stakeholder feedback at its March 2025 meeting and will be considering a pre-ballot at its April 2025 meeting.
- Voluntary Digital Reporting – The project has been separated into two types of projects: a monitoring activity and an active technical project. The monitoring activity is addressing implications of the Financial Data and Transparency Act—specifically the requirement for state and local governments to have procedures in place to provide financial statements electronically. The objective of the technical project is to develop one or more governmental digital taxonomies for generally accepted accounting principles (GAAP) financial reporting. The taxonomies that may result from this effort could be used by governments on a voluntary basis to report their GAAP financial statements in digital formats. At its March 2025 meeting, the Board discussed staff suggestions for modeling unstructured data.
- Research topics –
 - GAAP structure – The objective is to evaluate the effectiveness of the GASB's current dual-authority approach to communicating a GAAP structure that includes both original pronouncements and a codification.
 - Pension/Other Post-Employment Benefits (OPEB) disclosures – The objective is to conduct research on existing pension and OPEB disclosures considering the requirements for essentiality in Concepts Statement No. 7, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements*.

- Note disclosures for revenue and expense recognition – This project would bring in note disclosures and coincide with the revenue and expense recognition project.

Mr. Scott commented that FASAB staff will be following the severe financial stress and probable dissolution disclosures project because of the similarities to reorganizations going on in the federal government.

Mr. Scott thanked Ms. Reese for keeping the Board informed of the GASB's activities.

Agenda Topics

- **P3 Technical Release ED Review**

Mr. Savini, assistant director, introduced the proposed Accounting Standards Implementation Committee (ASIC or "the Committee") ED Technical Release (TR): *Implementation Guidance for SFFAS 49, Public-Private Partnerships*, from [topic E](#).

Question 1 – Does any member believe that there are substantive issues that should be addressed before the ED is issued?

Question 2 – Does any member believe that there are substantive issues that would necessitate returning the draft ED to the ASIC for further consideration?

Members provided some additional non-substantive edits to improve the proposed TR and unanimously agreed to the ASIC's release of the ED.

- **GAAP Hierarchy**

Ms. Batchelor, assistant director, introduced [topic B](#) by explaining the objective of the session was for the Board to consider and approve the federal GAAP hierarchy project plan. She recapped that the project was added to the active project agenda as part of the reexamination of existing standards.

Ms. Batchelor elaborated that SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, was the third most requested reexamination topic.

Stakeholders suggested the Board

- simplify the federal GAAP hierarchy so that it may be more practical,
- clarify "practices that are widely recognized and prevalent in the federal government" because it is vague and could allow for many interpretations, and
- clarify Other Accounting Literature and how it fits into the GAAP hierarchy.

Ms. Batchelor provided an overview of the project plan by detailing the objectives of the project, timeline, resources, research steps, and potential challenges. She explained that staff plans to form a small working group or round table to assist with the project. Ms. Batchelor recommended the working group over a task force because this approach would provide the most effective forum to discuss issues, alternatives, and recommendations while also ensuring that the participants possess the required expertise in this area.

Ms. Batchelor noted that SFFAS 34 preserved the long-standing and common practices of all U.S. accounting standard-setting bodies at the time it was issued in 2009. Since then, the Financial Accounting Standards Board (FASB) and the GASB have revisited their respective four-level GAAP hierarchies and each reduced the number of levels. They both also addressed the use of “authoritative” and “nonauthoritative” literature if the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

Ms. Batchelor explained that questions regarding clarifications of federal GAAP are not new because they were brought up during the due process for SFFAS 34. This project will resolve the longstanding questions, such as reexamining “practices that are widely recognized and prevalent in the federal government” to determine the statement’s intent. There is diversity in the views of preparers and auditors about which practices are part of the existing hierarchy.

Ms. Batchelor noted that changes to the GAAP hierarchy would result in the need to consider the effects of the proposed change. Any potential significant change may result in the need to assess and consider the status of existing guidance.

Question 1 – Does the Board generally agree with the staff proposed federal GAAP hierarchy project plan?

The Board unanimously supported and approved the federal GAAP hierarchy project plan, with members commenting the following:

- It is an important underlying project that provides a foundation, so FASAB should be timely and efficient in reaching its conclusions.
- There might be a role for a supplemental piece or an appendix to the guidance that provides illustrative scenarios or other assistance to users in applying the new or revised hierarchy.
- The smaller working group and round table meetings are a good idea because the subject matter is complex.
- Decisions made could have significant implications downstream, and those need to be considered.

- Attachment 2 in the briefing materials, which compared GASB and FASB's updated hierarchies, was very informative.
- Simplifying and clarifying the GAAP hierarchy is important and will make things easier for all, especially for stakeholders in applying the hierarchy.
- **Reporting Entity Reorganizations and Abolishments**

Mr. Perry, assistant director, was unable to present the materials due to a personal matter. Ms. Valentine and Batchelor presented [topic D](#). Ms. Valentine began by explaining the proposed project objectives. She reminded the Board that members had raised questions at the February meeting regarding reorganizations and transfers of functions among reporting entities and the need to monitor and respond to emerging issues.

Ms. Valentine noted that the Board may wish to address reporting entity reorganizations and abolishments more proactively and consider the extent to which existing accounting principles and disclosures may or may not be sufficient.

Ms. Valentine also highlighted certain elements of the issue paper:

- Collaboration with the FASB and GASB in this area would be important, including assessing similarities and differences in requirements and environments.
- Consideration of existing standards and guidance, including Technical Bulletin (TB) 2003-1, *Certain Questions and Answers Related to the Homeland Security Act of 2002*, would also be important. Questions and answers in the TB address transfers of functions and the creation of the Department of Homeland Security reporting entity during fiscal year (FY) 2003.
- Consideration of specific issues identified by practitioners, OMB, and the Department of the Treasury would be important.

Mses. Valentine and Batchelor both emphasized the preliminary nature of staff's briefing materials. They noted that staff would further develop a project plan and research the issue area based on the Board's discussion and subject to the Board's approval and prioritization of the proposed project.

Ms. Batchelor thanked the members for their preliminary responses to the questions provided in the briefing materials and suggested that the Board summarize and discuss its feedback through two summarized questions for discussion:

Question 1 – Do members have any comments on the briefing materials or other information that might help the Board better understand or assess this emerging issue?

Question 2 – Do members agree with moving forward on this proposed project?

One member noted that GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, would be important for the Board to consider. The member also agreed with another point made in the issue paper that the federal government is one economic entity, which could also affect how the Board might go about addressing issues and developing any potential standards. The member also agreed that a thorough review of the application of the Board's current literature in the context of reorganization events would be instructive. Other members expressed general agreement with the points raised by this member.

Another member expressed agreement with Ms. Valentine's earlier remarks that outreach with FASB and GASB would help the Board in this area. Other members expressed general agreement with this point.

Another member expressed agreement with Ms. Valentine's earlier remarks and affirmed that many of the concepts underlying TB 2003-1 would be relevant to this project. Other members expressed general agreement with this point.

Members also discussed and generally agreed that this issue area has important implications for the current FY. A few members suggested that a short- and long-term approach to the project might be appropriate. Members suggested that staff leverage a smaller working group or focus group as a means for identifying and assessing issues in the short term. A few members suggested that staff could consider developing a non-authoritative staff paper proposal for Board discussion.

Mr. Scott noted that, based on the Board's responses to the first question, members appeared to be supportive of the proposed project in their remarks.

Mr. Scott inquired about resource limitations and project prioritization. Ms. Valentine responded by explaining that the staff member assigned to the revenue reexamination project, currently on the research agenda, would be assigned to this project. The Board acknowledged that acceptance of this proposed project would delay the continuation of research on the revenue reexamination project. The Board agreed that this area should precede further research on the revenue reexamination area.

The Board did not specifically discuss the following questions from the briefing materials:

Question 1 – Do members generally agree with the background information?

Question 2 – Do members generally agree with the researchable questions?

Question 3 – Do members agree with the proposed project outline, basis therefor, and staff commentary on the Board's project prioritization criteria?

Question 4 – Does the Board believe that a project on reporting entity reorganizations and abolishments should be added to the current technical agenda?

Question 5 – Do members have any additional input to inform staff's development of a project plan?

- **SFFAS 59 Implementation**

Mr. Savini presented implementation of SFFAS 59, *Accounting and Reporting of Government Land*, from [topic C](#), which contained an assessment of the auditor-identified issues presented by the Government Accountability Office (GAO) in February, along with staff's recommendations. Staff began by providing a brief overview of key events regarding the development of SFFAS 59. In part, staff reviewed prior Board deliberations and discussions concerning the issues brought forward by GAO. This was followed by an analysis of the total government-wide land holdings, which revealed that general property, plant, and equipment (G-PP&E) land comprises approximately 4.0% of all land holdings with the remaining 96.0% being stewardship land. In addition, the consolidated financial report of the U.S. Government included estimated land holdings for FYs 2022-2024 and indicated that GPP&E land holdings may be trending down.

Staff then reviewed its recommendations and asked members to consider each of the ten GAO auditor issues noted in the briefing materials. GAO and staff facilitated the ensuing discussions. Members noted the following regarding each issue:

- Submerged lands
 - Clarification seems reasonable.
 - Allow agencies a choice.
 - Lack of comparability among agencies can be managed at the government-wide level.
 - Agency head reported amounts in a *Wall Street Journal* editorial differ from annual financial report amounts.
- Ownership
 - The authoritative guidance in SFFAS 59 and TR 9, Implementation Guide for SFFAS 29: Heritage Assets and Stewardship Land, appears sufficient.
 - A TB that adopts TR 9 paragraphs could help clarify.
 - Auditor training and education is needed.
- Co-ownership/joint management

- There is a potential double counting of acres.
 - This is a management policy issue to resolve among agencies.
 - This is not an accounting standards issue.
 - TB 2017-2, Assigning Assets to Component Reporting Entities, could provide comparable guidance.
- Predominant use
 - This no longer seems to be an issue.
 - The guidance in SFFAS 59 and TR 9 appears sufficient.
 - This matter does not need to be addressed by the Board.
 - Staff will coordinate with GAO.
- Land improvements
 - Clarification seems reasonable via a TB.
- Permanent land rights
 - Rights may be separate from land.
 - This is a completeness (assertion) question.
 - Consider narrative disclosure.
 - Clarification seems reasonable but is limited to surface rights.
- Land definitions
 - This was reported by one auditor whose issue remains unclear.
 - Staff suggests that the preparers and auditors contact FASAB staff via the technical inquiry process.
- TR 9
 - Rescind TR 9 and incorporate paragraphs 81-85 into a TB.
 - A TB that adopts TR 9 paragraphs could help clarify.
- Materiality
 - This is an audit issue outside of the Board's scope and authority.

- Certain acreage estimates
 - Consider education and outreach.
 - Auditors may need to rely on specialists.

Staff presented its assessment of the auditor-identified issues along with the recommendation not to delay SFFAS 59 implementation. GAO indicated that it had identified additional issues other than those outlined at the February meeting that could require the Board's consideration regarding the SFFAS 59 reporting requirement to de-recognize land and required supplementary information presentations to the notes in FY 2026.

Question 1 – Does the Board agree with the recommendation to implement SFFAS 59 as planned beginning in FY 2026?

Question 2 – Are there any (additional) facts, pertinent information, or questions that members have for either staff or GAO to address in anticipation of the meeting?

Although staff recommended full implementation of the SFFAS 59 requirements as prescribed in paragraphs 15 and 16 of the Statement, members requested that GAO provide any remaining issues to staff in time for further analysis before the June meeting.

The Board plans to address any remaining issues specific to the accounting and reporting requirements contained in the Statement at the June meeting.

Adjournment

The Board meeting adjourned for the day at 4:30 p.m.

Wednesday, April 23, 2025

- **Steering Committee Meeting**

The Committee discussed FASAB's FY 2026 and 2027 proposed budgets, as well as other administrative matters.